

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

Transferring First-Class Mail Parcels  
to the Competitive Product List

Docket No. MC2015-7

CHAIRMAN'S INFORMATION REQUEST NO. 2

(Issued May 25, 2017)

On November 14, 2014, the Postal Service filed a request with the Commission, pursuant to 39 U.S.C. § 3642 and 39 C.F.R. § 3020.30 *et seq.*, which proposed to remove the First-Class Mail Parcels product from the market dominant product list and add identical services to the existing First-Class Package Service product appearing on the competitive product list.<sup>1</sup> The market dominant First-Class Mail Parcels product consists of a Retail (Single-Piece) price category, and a Keys and Identification Devices price category. On August 26, 2015, the Commission issued Order No. 2686 denying the Postal Service's Request without prejudice subject to the submission of a fully supported future request to transfer the First-Class Mail Parcels product.<sup>2</sup>

On September 22, 2015, the Postal Service petitioned the United States Court of Appeals for the District of Columbia to review the Commission's decision in Order No.2686.<sup>3</sup> On December 6, 2016, the United States Court of Appeals issued its

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<sup>1</sup> Request of the United States Postal Service to Transfer First-Class Mail Parcels to the Competitive Product List, November 14, 2014 (Request).

<sup>2</sup> Order Denying Transfer of First-Class Mail Parcels to the Competitive Product Category, August 26, 2015 (Order No. 2686). The Commission denied the transfer of Retail (Single-Piece) First-Class Mail Parcels based upon a finding that the Postal Service did not provide sufficient evidence demonstrating that it lacks market power as specified in 39 U.S.C. § 3642(b)(1). Order No. 2686 at 8. Specifically, the Postal Service did not identify the applicable market for Retail (Single-Piece) First-Class Mail Parcels. *Id.* at 17. The Commission denied the transfer of Keys and Identification Devices based upon an absence of any evidence to support statutory compliance. *Id.* at 23-24.

<sup>3</sup> See Petition for Review, *United States Postal Service v. Postal Regulatory Commission*, No. 15-1338 (D.C. Cir. Sep. 22, 2015).

decision remanding Order No. 2686 to the Commission for further consideration.<sup>4</sup> The Remand addresses only the Commission's decision concerning the Retail (Single-Piece) price category. The Court left undisturbed the Commission's decision denying the transfer of the Keys and Identification Devices price category. Remand at 2.

The Commission is now in the process of considering the issues remanded by the Court. However, almost 30 months have passed, with intervening price and classification dockets, since the Postal Service originally presented its proposal. Thus, certain aspects of the Postal Service's proposal may no longer be accurate or applicable.<sup>5</sup> Having the most current information will facilitate the Commission's consideration of the issues on remand, and expedite a final Commission decision. The information is essential for the Commission to accurately assess the issues on remand and the Postal Service's Request. The Commission does not anticipate that this request will be burdensome to the Postal Service.

A response to the following questions should be provided as soon as possible, but no later than June 26, 2017.

1. Please provide an update to the Mail Classification Changes appearing in the Request, Attachment C to reflect currently available information and any other additional information that the Postal Service finds necessary for the Commission's consideration.
2. Please refer to the Request, Attachment B at 4, Table: "Market Share of New First-Class Package Service (Including First-Class Mail Parcels Volume)," which contains market share data. Please provide:
  - a. An updated version of this table; and

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<sup>4</sup> *United States Postal Service, Petitioner v. Postal Regulatory Commission, Respondent, GameFly, Inc., Intervenor*, No. 15-1338 (D.C. Cir. Dec. 6, 2016) (Remand).

<sup>5</sup> For example, the pricing information is out of date and sections of the proposed Mail Classification Schedule language may no longer be applicable.

- b. A version of this table with information isolating the current First-Class Mail Parcels Retail (Single-Piece) price category.
3. Please confirm that from FY 2012 to FY 2016, the first ounce price for First-Class Mail Parcels Retail (Single-Piece) increased by 34.7 percent, from \$1.710 to \$2.620. If not confirmed, please explain.
4. Please confirm that from FY 2012 to FY 2016, the average revenue per piece for First-Class Mail Parcels Retail (Single-Piece) increased by 31.4 percent, with average revenue per piece increasing from \$2.11 to \$2.77. If not confirmed, please explain.
5. Please confirm that from FY 2012 to FY 2016, volume for First-Class Mail Parcels Retail (Single-Piece) has decreased by 13.4 percent, with annual volume decreasing from 293.4 million to 253.9 million pieces. If not confirmed, please explain.
6. Please confirm that the prices for First-Class Mail Parcels Retail (Single-Piece) are currently higher than the prices for competitive First-Class Package Services. If not confirmed, please explain.
7. Please confirm that the mail preparation requirements for First-Class Mail Parcels Retail (Single-Piece) and competitive First-Class Package Services are currently the same. If not confirmed, please explain.
8. Please confirm that the Postal Service has entered into over 100 competitive First-Class Package Service Negotiated Service Agreements since FY 2012.

9. Please provide an update to the Statement of Supporting Justification appearing in the Request, Attachment B to reflect any currently available and relevant information and any other additional information that the Postal Service finds necessary for the Commission's consideration.

By the Chairman.

Robert G. Taub